

MIAL's freight curbs may hit India's exports

Cargo body warns of disruptions at Mumbai airport

DEEPAK PATEL

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India's air cargo agents have warned that the proposed 10-month suspension of freighter operations at the Mumbai airport — India's second-largest air cargo hub — could disrupt export flows, push up freight rates, and damage the country's reputation as a global cargo hub, *Business Standard* has learnt.

The Adani Group-led Mumbai International Airport Limited (MIAL) informed aviation stakeholders, including air cargo operators, on December 11 that Mumbai airport will completely suspend freighter flights from August 2026 to May 2027 to re-carpet its main runway, construct a new taxiway, and rebuild the apron used by freighter aircraft for loading and unloading.

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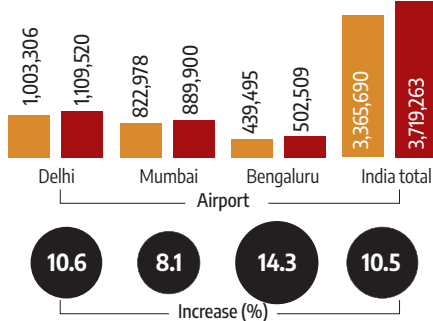
■ 1 in 5 domestic-only airports handle barely 2 flights a day

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India's top cargo movers

Cargo handled (in tonnes)

■ FY24 ■ FY25



Source: AAI

FY27 Budget may target debt-to-GDP at 54.5-55%

Sitharaman has said the government's endeavour would be to keep annual fiscal deficits aligned with a declining debt trajectory. "Our endeavour will be to keep the fiscal deficit each year such that the central government debt remains on a declining path as a percentage of GDP," she said while presenting the FY26 Budget. For FY26, the Centre has set a fiscal deficit target of 4.4 per cent of GDP, lower than the revised estimate of 4.8 per cent for FY25. Earlier this month, Sitharaman told Parliament that the government would achieve a debt-to-GDP ratio of 56.1 per cent for FY26, while cautioning that the rising debt-to-GSDP (gross state domestic product) ratios of states remained a concern.

In its latest Article IV consultation report on India, the International Monetary Fund

suggested the government to review its medium-term debt target and make it more ambitious by expanding the debt anchor to include state government liabilities. Faster consolidation, the Fund said, would help reduce the debt-servicing burden sooner and rebuild fiscal buffers against future shocks.

CareEdge Ratings has projected a slightly slower pace of consolidation, estimating the fiscal deficit for FY27 at 4.2-4.3 per cent of GDP. The agency said the Centre could still reduce its debt ratio to around 50 per cent (± 1 per cent) by FY31, assuming nominal GDP growth averages 10.7 per cent over the next five years. "Laying out a debt trajectory gives the government flexibility to manoeuvre the fiscal deficit each year, depending on growth prospects."

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The Air Cargo Agents Association of India (ACAAI) responded on December 19, urging MIAL to "immediately reconsider" the complete closure of freighter operations for such a "long period" and to work out a model that would allow operations to continue.

Welcoming the planned "renovation and repair works", the association said the suspension was announced without any "mitigation plan and resumption strategy". In FY25, Mumbai airport handled about 889,900 tonnes of cargo, accounting for nearly a quarter of India's total air cargo handled that year. MIAL did not respond to Business Standard's queries on the matter. ACAAI warned that suspending freighter operations for 10 months would disrupt upliftment capacity and increase freight rates substantially. "This will have an adverse effect on the continual growth

of Indian exports," it said.

The association cautioned that the proposed 10-month timeline could stretch further. "It is quite possible that the said works planned for 10 months may get extended for a few more months, after which airlines may not be in the immediate situation to bring back their freighters, having deployed them elsewhere."

ACAAI argued that passenger aircraft operating "combi" flights — passenger flights that carry cargo in their belly — would be unable to replace freighter flights. "Combi flights cannot accommodate cargo to be carried on the freighters, which will be a colossal loss not only to the trade but also to the freighter carriers," its letter stated.

"Such suspension of freighter operations at a highly reputed/busy airport and a cargo business hub of India

would adversely affect the reputation worldwide. Why should the air cargo suffer for that?" ACAAI asked.

Meanwhile, Navi Mumbai airport, the city's second airport developed by MIAL's subsidiary, commenced flight operations last week. The Mumbai airport currently handles about 7-8 cargo flight departures every day.

In its letter, ACAAI said the decision appeared unilateral and raised concerns over compliance with global norms. Such a suspension "violates the guidelines issued by the Worldwide Airport Slot Board" and agreed by Airports Council International, International Air Transport Association (IATA),

and the Worldwide Airport Coordinators Group, it added.

This is not the first time MIAL has moved to suspend cargo operations at Mumbai. In April, MIAL had told cargo operators that dedicated freighter flights would be stopped from August 16 until further notice, citing airside infrastructure works and acute capacity constraints. The announcement had sparked strong resistance from cargo carriers and industry bodies, who had warned that shutting out freighters would weaken Mumbai's position as a critical aviation and logistics hub. Facing the backlash, MIAL had reversed course in May, rolling back the April decision.

After slow start, auto sales set to end 2025 on a high

"The turnaround began with the GST reforms and the rate cuts ensured the availability of funds at lower interest rates. I-T reforms provided major relief to the middle class. All this resulted in surplus resources with customers, leading to the best year for the sector," he added.

The industry registered record sales of 4 million units in October, followed by 3.3 million units in November. Until Sunday in December, sales stood at 1.79 million units. According to Fada data, cumulative industry sales across two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles until August stood at 10.5 million units, up just 2.9 per cent Y-o-Y. Sales in February and March were negative. Reports indicate that the GST reforms led to average price cuts of 5-13 per cent across segments. "In the past three

decades, I have not seen such drastic price cuts. OEMs are continuing with discounts lined up until August, despite the demand uptick," Giridhar said.

In passenger vehicles, entry-level models are outperforming SUVs, he said, adding that rural demand has started picking up. The industry highlighted that good monsoons and firm crop prices were key drivers of the revival. "The festival season reinforced the country's strong consumption base, supported by favourable rural sentiments following good monsoons and firm crop prices, the positive impact of the GST overhaul, and interest rate cuts," said Srikumar Krishnamurthy, senior vice-president and co-group head, corporate ratings, Icra. He said demand sentiments are expected to remain stable amid steady economic activity.

AI's breakout year for India, minus the breakthrough

Noshir Kaka, senior partner at McKinsey & Company, agrees with these findings. "The gap between AI experimentation and real value comes down to three core issues," he says.

First, most enterprises fail to reimagine their business domains. AI is treated as a tool for incremental efficiency or cost reduction, rather than a lever for step-change innova-